



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
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WILLIAM T FUJIOKA
Chief Executive Officer

August 18, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 72146
DEPARTMENT OF PUBLIC HEALTH
6851 LENNOX AVENUE, VAN NUYS
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

The recommendation is for an amendment to an existing lease to extend the lease term for an additional two years.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3), of the State CEQA Guidelines.
2. Approve and instruct the Chairman to sign the lease amendment with 6851 Lennox, LLC (Landlord) for 7,537 rentable square feet of office space at 6851 Lennox Avenue, Van Nuys, to be occupied by the Department of Public Health (DPH) at a maximum first year cost of \$151,440. All of the rental costs are to be funded via license and permit fees generated by DPH.
3. Authorize the Chief Executive Office (CEO) and DPH to implement the project. The lease will be effective on Board approval and the term will commence on September 1, 2009.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to extend the lease term an additional two years until DPH and the CEO/Real Estate Division (RED) relocate the programs to a more suitable space. Over the past five years, staffing at the subject facility has increased from 55 to 83 full time employees, and the Landlord is unable to provide adequate, contiguous space to accommodate DPH's growth. The current lease expired on July 20, 2009, and is now a month-to-month holdover tenancy.

The subject facility has housed Environmental Health programs since 1999. DPH intends to divide and relocate the programs into a Mid-Valley and a West Valley office as part of its Director's 100-Day Review of the Environmental Health Division, Finding 13, Corrective Action 23. Of the 7,537 square feet currently occupied at this facility, 60 percent is being utilized by the Mid-Valley programs and 40 percent houses the West Valley programs. Based on an analysis of the program requirement, the Mid-Valley space requirement has been allocated 9,767 square feet and the West Valley space requirement has been allocated 6,286 square feet. The CEO/RED is working with DPH to locate viable replacement facilities for both space requirements.

The Mid-Valley and West Valley programs consist of 50 and 33 employees, respectively, and the programs are as follows: District Services (inspections of retail food facilities, multifamily facilities and single family residences); Food and Milk (inspection of wholesale food facilities); Housing and Institution (inspections of motels, hotels, jails and day care centers); Vector Control; Solid Waste (permits and inspections of disposal sites, processing stations, composting facilities, landfills, waste collectors and transformation facilities); Plan Check (reviews and approves food facility plans); Land Use (inspections of small water systems, septic tanks, pumping vehicles, private sewage systems, sewage treatment and water reclamation plants); Swimming Pool (inspections of public pools); Cross Connection (inspections of water systems cross connections and backflow devices).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

In compliance with the Countywide Strategic Plan, the proposed lease extension will support the efficient delivery of health services that are convenient for public access (Goal 1: Operational Effectiveness and Goal 4: Health and Mental Health). The proposed lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum first year costs for this lease amendment will be \$151,440.

6851 Lennox Ave., Van Nuys	Existing Lease	Proposed Lease Amendment No. 1	Changes
Area	7,537 sq. ft.	7,537 sq. ft.	None
Term	7/21/04 to 7/20/09; Month-to-month since 7/21/09.	9/1/09 to 8/31/11	+ 2 years
Annual Base Rent	\$145,615 or \$19.32/sq. ft.	\$151,440 or \$20.09/sq. ft.	+\$5,825 or \$0.77/sq. ft.
Annual Base Rent Adjustment	CPI Adjustment, 4 percent max	Fixed Increase of 3 percent	Fixed Increase of 3 percent
Parking (included in rent)	28 spaces	28 spaces	None
Cancellation	After 36 months upon 180 days notice	After August 31, 2010 upon 180 days notice	+ 1 year

Sufficient funding for the proposed lease amendment is included in the 2009-10 Rent Expense budget and will be billed back to DPH. DPH has allocated sufficient funds in its 2009-10 operating budget to cover the projected lease costs. All of the rental costs are to be funded via license and permit fees generated by DPH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will allow DPH to continue occupying the subject facility for up to two additional years. The existing terms and conditions of the lease shall remain unchanged for the proposed amendment, except the following:

- The extension term will be effective upon Board approval and will commence on September 1, 2009.
- At the beginning of the 13th month, the Base Rent shall be increased by 3 percent.
- The lease amendment provides the County the right to cancel anytime after August 31, 2010, upon 180 days prior written notice.

The CEO/RED staff conducted a survey within the Van Nuys area to determine the availability of comparable and more economical sites. Staff was unable to identify any suitable sites in the surveyed area that could accommodate this space requirement and short timeframe. Staff has established that the rental range for similar space is between \$18.60 and \$25.20 per rentable square foot per year. Thus, the proposed annual rental rate of \$20.09 is within the fair market rent for the area. Attachment B shows all County-owned or leased facilities in proximity of the service area, and there are no County-owned or leased facilities available.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

Notice has been sent to the City of Los Angeles pursuant to Government Code Sections 65402 and 25351.

A child care center in this building is not feasible.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the office space necessary for DPH to provide uninterrupted services for clients in the San Fernando Valley. DPH concurs with the recommendation herein.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the lease, two originals of the certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, RED at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:WLD
CEM:KW:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Public Health

**DEPARTMENT OF PUBLIC HEALTH
6851 LENNOX AVENUE, VAN NUYS
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>	Yes	No	N/A
	A Does lease consolidate administrative functions? ²			X
	B Does lease co-locate with other functions to better serve clients? ²	X		
	C Does this lease centralize business support functions? ²			X
	D Does this lease meet the guideline of 200 sq.ft of space per person? ² The lease provides 91/sq. ft., of space per person for 83 approved staff. Program growth, over the past five years, has led to overcrowded conditions. DPH intends to relocate staff to suitable space as soon as possible.		X	
2.	<u>Capital</u>			
	A Is it a substantial net County cost (NCC) program?		X	
	B Is this a long term County program?	X		
	C If yes to 2A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D If no, are there any suitable County-owned facilities available?		X	
	E If yes, why is lease being recommended over occupancy in County-owned space?			X
	F Is Building Description Report attached as Attachment B?	X		
	G Was build-to-suit or capital project considered? ² Build-to-suit or capital project is not feasible at this time.		X	
3.	<u>Portfolio Management</u>			
	A Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B Was the space need justified?	X		
	C If a renewal lease, was co-location with other County departments considered?			X
	D Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" parking area.			
	2. ___ No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. <u>X</u> The Program is being co-located.			
	E Is lease a full service lease? ²	X		
	F Has growth projection been considered in space request?	X		
	G Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?			

DEPARTMENT of PUBLIC HEALTH**SPACE SEARCH 3 MILE RADIUS OF
6851 LENNOX AVENUE, VAN NUYS**

LACO	FACILITY NAME	ADDRESS	GROSS SQ. FT.	NET SQ. FT.	OWNERSHIP	AVAILABLE SQ. FT.
5858	PH-PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BL, PACOIMA 91331	5404	3098	Owned	None
A502	PH-Children's Medical Service Center	12502 VAN NUYS BL, PACOIMA 91331	6664	5577	Leased	None
6247	Whiteman Airport- Admin Bldg	12653 Osborne St, Pacoima 91331	4657	3795	Owned	None
F309	DPW-Flood-Hansen Yard	11950 Branford St, Sun Valley 91352	2236	1901	Owned	None
F311	PW FLOOD- HANSEN YARD OFFICE	11950 BRANFORD ST, SUN VALLEY 91352	1612	1450	Owned	None
A641	DPSS - GROW OFFICE	9188 GLENOAKS BLVD, SUN VALLEY 91352	24780	23541	Leased	None
A316	SHERIFF-NORTH HILLS T.R.A.P. UNIT	8353 N SEPULVEDA BLVD, NORTH HILLS 91343	1500	1500	Leased	None
D310	DPSS-EAST VALLEY WS DISTRICT OFFICE	14545 LANARK ST, PANORAMA CITY 91402	96360	39588	Owned	None
0505	MID VALLEY- FORMER BOWLING ALLEY(NONHABIT ABLE)	7501 VAN NUYS BLVD, VAN NUYS 91405	28269	22615	Owned	22615
6359	MID VALLEY-SAN FERNANDO VALLEY SERVICE CENTER	7555 VAN NUYS BLVD, VAN NUYS 91405	17698	10623	Financed	None
A383	PH-SAN FERNANDO DISTRICT ENVIRONMENTAL HLTH	6851 LENNOX AVE, VAN NUYS 91405	7537	7160	Leased	None
A494	PROBATION-VAN NUYS JUVENILE SERVICES ANNEX	7100 VAN NUYS BLVD, VAN NUYS 91405	4460	4142	Leased	None
A491	PROBATION- Juvenile Services	14540 HAYNES ST, VAN NUYS 91411	13500	11475	Leased	None

4705	PROBATION-EAST SAN FERNANDO VALLEY AREA OFFIC	14414 W DELANO ST, VAN NUYS 91401	15825	8362	Owned	None
5273	VAN NUYS COUNTY ADMINISTRATIVE CENTER BLDG	14340 W SYLVAN ST, VAN NUYS 91401	9849	6992	Owned	None
A565	APD - VAN NUYS OFFICE	14553 DELANO ST, VAN NUYS 91401	3878	3684	Leased	None
F631	PW FLOOD- SATICOY YARD BUILDING 4 OFFICE	13444 SATICOY ST, NORTH HOLLYWOOD 91601	2400	2280	Owned	None
X368	PH-SUN VALLEY HEALTH CENTER	7223 N FAIR AVE, SUN VALLEY 91352	10659	10245	JPA	None
A145	CHILD SUPPORT SERVICES- DIVISION I HDQUARTERS	15531 VENTURA BLVD, ENCINO 91436-3157	45775	30602	Leased	None
T400	PH NORTH HOLLYWOOD PUBLIC HEALTH CENTER AN	5300 TUJUNGA AVE, NORTH HOLLYWOOD 91601	1347	1280	Owned	None
5873	PH-NORTH HOLLYWOOD PUBLIC HEALTH CENTER	5300 TUJUNGA AVE, NORTH HOLLYWOOD 91601	7511	4286	Owned	None

**AMENDMENT NO. 1 TO COUNTY LEASE NO. 72146
6851 LENNOX AVENUE, VAN NUYS**

This Amendment No. 1 to Lease No. 72146 ("Amendment No. 1") is made and entered into this _____ day of _____, 2009, by and between 6851 LENNOX, LLC ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

RECITALS:

WHEREAS, Lessor and Lessee entered into that certain County Lease No. 72146 dated June 8, 1999 (the "Lease") whereby Lessor leased to Lessee approximately 7,537 rentable square feet of office space in the building located at 6851 Lennox Avenue, Van Nuys, California ("Premises"), for a term of five (5) years from July 21, 1999 to July 20, 2004; and

WHEREAS, Lessee exercised an option to renew the Lease on July 20, 2004 for an additional five (5) years extending the term from July 21, 2004 to July 20, 2009; and

WHEREAS, Lessor and Lessee desire to amend the Lease for the purpose of extending the term again for an additional two (2) years;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, Lessor and Lessee hereby agree to amend the Lease as follows:

1. Section 2. TERM, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The term of this Lease shall be for a period of two (2) years commencing on September 1, 2009 and ending on August 31, 2011.

2. Section 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessee hereby agrees to pay as rent for the Premises during the term the sum of Twelve Thousand Six Hundred Nineteen and 95/100 Dollars (\$12,619.95) per month for months one (1) through twelve (12) of the Lease term. Rental payments shall be payable by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month. Pursuant to the rent schedule set forth in Section 26 hereof, rental payments shall be subject to adjustment on the 13th month of the Lease term.

3. Section 5. CANCELLATION is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Lessee shall have the right to cancel this Lease at any time after August 31, 2010 by giving Lessor not less than 180 days prior written notice by letter from the Lessee's Chief Executive Office. By way of illustration of the foregoing, notice would be given on or before February 28, 2010 to effectuate cancellation on August 31, 2010.

4. Section 26. RENTAL ADJUSTMENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

At the beginning of the 13th month of the Lease Term, the Rent shall be increased as follows:

<u>Months</u>	<u>Monthly Rent</u>
13-24	\$12,999.00

5. Unless otherwise expressly provided in this Amendment No. 1, all of the terms and conditions contained in the Lease shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment No. 1, the terms of Amendment No. 1 shall control.

6. Each of the undersigned signatories for the Lessor personally covenant, warrant, and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this representation.

7. All undefined terms when used herein shall have the same respective meanings as are given under the Lease unless expressly provided otherwise in this Amendment No. 1.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

LESSOR:

6851 LENNOX, LLC

By:  _____

Name: GEORGE E. MOSS

Title: MANAGING MEMBER

LESSEE:

COUNTY OF LOS ANGELES

By _____

DON KNABE
Chairman, Board of Supervisors


ATTEST:

Sachi A Hamai
Executive Officer-Clerk
of the Board of Supervisors

By _____

APPROVED AS TO FORM:

ROBERT E. KALUNIAN
Acting County Counsel

By:  _____
Amy McCaves
Senior Deputy County Counsel